



June 5, 2024

**H.B. 553: Ohio Earned Wage Access Legislation**

Representative Mark Johnson  
Chair  
Committee on Commerce and Labor  
77 South High Street  
Floor 12  
Columbus, OH 43215

Representative Lauren McNally  
Ranking Member  
Committee on Commerce and Labor  
77 South High Street  
Floor 11  
Columbus, OH 43215

Dear Chairman Johnson, Ranking Member McNally, and members of the committee,

On behalf of Chamber of Progress – a tech industry coalition promoting technology’s progressive future – I write to urge you to **support the passage of H.B. 553**, which would regulate earned wage access services.

We are strong supporters of providing consumers with better alternatives to predatory lending and junk fees at banks. Earned wage and early wage access services help workers bridge the gap from today to payday, and free workers from dependency on the payroll cycle and a financial system that frequently disadvantages them.

Earned wage access operates on an agreement between the service provider and an employer, which allows the provider access to employee timesheets to determine earned wages.<sup>1</sup> On an employee’s payday, the provider collects funds from the employer that were disbursed to the employee ahead of payday.

Early wage access is a similar concept, except the service provider does business directly with the consumer, without direct involvement from the employer. In this instance, the consumer downloads an application, establishes an account with the service provider and links their checking account information.

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<sup>1</sup>Federal Reserve Bank of Kansas City. [Ask the Fed: Exploring the rise of earned wage access programs](#). January 14, 2021.

In both setups, the earned wage access provider allows users to access anywhere between 50-100% of their earned wages at any given time, with limits sometimes placed by the provider based on frequency and consecutive use.<sup>2</sup>

### **Earned Wage Access Promotes Consumer Choice**

Based on a survey conducted by three direct to consumer earned wage access service providers, an overwhelming number of earned wage access consumers said they understood how the service structure works and consider it the best option to manage their spending.<sup>3</sup> Earned wage access provides consumers the opportunity to stretch their dollar farther than the standard two-week pay cycle, enabling them to avoid predatory payday loans.

In this post-COVID, inflationary economy, the usage of earned wage access has increased across the board. From 2018 until now, these services tripled in usage in response to consumers adapting to a financial environment where they are empowered to spend without a lack of liquidity.<sup>4</sup>

Consumers overwhelmingly use earned wage access services to pay bills on time, buy groceries and avoid late fees.<sup>5</sup> Notably, 8 out of 10 earned wage access consumers felt these services were the best available options to manage their spending, and 80% of users said that their life significantly improved after using these services.<sup>6</sup> Earned wage access gives consumers a safer alternative to paying bills late and getting charged bank overdraft fees that can cause a further decline into debt.

Earned and early wage access products tend to have different business models, and we applaud H.B. 553's text for accommodating all models operating in lawful compliance. Preferential treatment of a specific earned wage access model would leave the consumer with limited options to make the best decisions for themselves and their families.

Additionally, the continued development of financial technology will lead to new earned wage access business models. If strict regulation is crafted around a preferred model, this may hinder innovation in this space and again, leave consumers with limited options.

Families working paycheck to paycheck are currently beholden to the 2-4 week pay cycle, trapped in a system that does not account for real life factors that cannot wait for

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<sup>2</sup> Ibid.

<sup>3</sup> FTI Consulting. [Direct to Consumer Earned Access User Key Findings](#). July 7, 2021.

<sup>4</sup> Financial Health Network. [Earned Wage Access and Direct-to-Consumer Advance Usage Trends](#). April 2021.

<sup>5</sup> FTI Consulting. [Direct to Consumer Earned Access User Key Findings](#). July 7, 2021.

<sup>6</sup> Ibid.

payday. With the right regulatory framework outlined in this bill, earned wage access has an opportunity to make a greater impact by providing a service that meets the consumer where they are.

Like many other innovations in services, consumer choice with earned wage access will allow workers to vote with their pocketbooks and choose the service that is best for them and their budget.

With this in mind, **we urge you to pass H.B. 553**. Thank you for your leadership in promoting a responsible regulatory structure that protects consumers, increases transparency, and ensures that earned wage access providers can continue to deliver services that Ohioans rely on.

Sincerely,

A handwritten signature in black ink, appearing to read "Brianna January". The signature is fluid and cursive, with the first name being more prominent.

Brianna January  
Director of State and Local Government Relations  
Northeast Region  
Chamber of Progress